



Retailers force promotion growth

National programs cool in favor of local efforts as revenues race upward

By Kenneth Wylie

Promotion agencies, faced with a slumping national economy, homed in on local-market efforts to push gross revenues to \$637 million in 1989, up 17.4% from the prior year, according to Advertising Age's third annual Sales Promotion Agency Report.

The report, a survey of 90 top U.S. promotion agencies, found retailers at the core of the major trends reshaping the business—particularly local-market and account-specific programs.

Another major development is that marketers increasingly are signing promotion agencies on a free basis for longer-term

planning.

The industry's growth rate continued to outpace that of traditional media advertising. Advertising agencies, whose billings are dominated by media expenditures, grew only 6.9% in 1989, according to the Ad Age Agency Income Report in March.

Little wonder ad agencies are turning to sales promotion for growth.

Some 176 of the 500 leading ad agencies responding to the Agency Income Report claimed sales promotion gross revenues of \$207 million, a 17% year-to-year increase (see chart on Page S-3).

When added to revenues of the 90 sales promotion agencies monitored in this report, that brings total U.S. sales promotion

activity to \$844 million.

While this is the bulk of sales promotion work handled by major promotion agencies or ad agency units, considerable activity remains in the hands of in-house units of large advertisers.

Claiming the top spot among sales promotion agencies for the second year in a row was D.L. Blair Corp., Garden City, N.Y. Its gross revenues of \$25.7 million, up 6.2%, outdistanced runner-up Alcone Promotion, Irvine, Calif., at \$23.7 million, and No. 3 Frankel & Co., Chicago, at \$23.2 million.

These agencies were ranked among 80 sales promotion agencies whose revenue streams came largely from staff-time fees

related to strategic, creative and conceptual services.

Ten agencies in the report were identified as marketing services agencies because of their emphasis on a particular marketing service.

DCI Marketing, Milwaukee, headed the group with 1989 gross revenues of \$54.7 million, down 0.2% from the prior year. Wallace Cos., Birmingham, Ala., finished a distant second at \$22.8 million, up 30%.

Among ad agencies with sales promotion billings, BBDO Worldwide and DDB Needham Worldwide, both New York-based units of Omnicom Group, led with \$217.3 million and \$162.5 million in billings, respectively.

(Continued on Page S-7)

Sales promotion agencies by gross revenues

Rank 1999	Agency, headquarters	Gross sales promotion revenues		Staff-time fees as % of revenues		Commissions as % of revenues		Leading service as % of gross revenues	Top executive, title	Telephone	Verified
		1999	1998	1999	1998	1999	1998				
1	D.L. Blair Corp., Garden City, N.Y.	\$25,700	\$24,200	29.0%	24.4%	18.0%	16.0%	swps/24.5%	Thomas J. Conlon, ceo	(516) 746-3700	✓
2	Alcone Promotion, Irvine, Calif.	23,700	15,430	45.0%	50.0%	15.0%	25.0%	fl/15%	Matt Alcone, president	(714) 770-4400	✓
3	Frankel & Co., Chicago	23,193	19,605	83.0%	84.0%	7.0%	10.0%	fl/4%	Bud Frankel, chmn-ceo	(312) 938-1900	✓
4	Cato Johnson Worldwide, New York	22,800	16,700	100.0%	100.0%	NA	NA	NA	W.A. Power, ceo worldwide	(212) 941-3700	✓
5	Clarion Marketing & Communications, Greenwich, Conn.	18,804	16,425	84.3%	73.7%	16.2%	26.3%	comp/14.5%	Raymond S. Rizzo, president-ceo	(203) 531-3600	✓
6	Comart-KLP, New York	18,200	13,700	69.7%	75.9%	12.0%	12.4%	cons/9%	Vincent Sottosanti, chmn-ceo	(212) 714-2550	✓
7	Saugeluck FKB, Westport, Conn.	15,785	7,523	31.0%	29.0%	30.0%	39.0%	trvl/20%	Gary W. Oakley, chmn	(203) 226-6042	✓
8	Strotman Marketing, Irvine, Calif.	14,800	10,500	35.0%	31.0%	61.0%	60.0%	lic/2%	Kenneth Strotman, president	(714) 852-1166	✓
9	U.S. Communications Corp., Minneapolis	14,000	13,000	100.0%	100.0%	NA	NA	NA	William A. Ursath, chmn	(612) 870-8910	✓
10	American Consulting Corp., New York	13,900	11,500	25.0%	18.0%	51.0%	44.0%	fl/20%	Robert J. Neely, president, ceo	(212) 627-4100	✓
11	Niven Marketing Group, Scottsdale, Ariz.	13,428	13,676	78.0%	81.0%	10.0%	9.0%	swps/9%	Ronald A. Niven, president	(602) 949-0997	✓
12	Flair Communications Agency, Chicago	12,884	12,700	45.0%	50.0%	10.0%	NA	comp, swps/10%	Lee F. Flaherty, ceo	(312) 943-5959	✓
13	Impact, Chicago	11,500	12,150	90.0%	85.0%	10.0%	15.0%	NA	Joseph P. Flanagan, president	(312) 751-3500	✓
14	Sims Freeman O'Brien, Elmsford, N.Y.	11,234	8,368	70.0%	75.0%	10.0%	10.0%	swps/10%	Jack Sims, ceo	(914) 347-2600	✓
15	Siebel Mohr, New York	10,724	12,071	75.0%	72.0%	19.0%	22.0%	swps/6%	Frederick Siebel, chairman	(212) 593-0500	✓
16	Communications Diversified, New York	9,100	6,400	40.0%	35.0%	60.0%	65.0%	NA	William H. Henneberry, chmn	(212) 213-3300	✓
17	Richman Sales Promotion, Bala Cynwyd, Pa.	9,000	8,500	80.0%	70.0%	20.0%	30.0%	NA	Brian McAdams, chmn	(215) 667-8900	✓
18	QLM, Princeton, N.J.	8,800	7,000	41.0%	35.0%	42.0%	38.0%	NA	Lawrence A. Quintman, president	(609) 683-1177	✓
19	KSJ Promotions, St. Louis	8,700	NA	80.0%	NA	10.0%	NA	comp/10%	Kenneth Foushee, president	(314) 241-6111	✓
20	Columbian Advertising, Chicago	8,550	7,595	80.0%	75.0%	20.0%	25.0%	NA	Bernard J. Miller, Jr., chmn	(312) 943-7600	✓
21	Merchandising Workshop, New York	8,500	8,000	100.0%	100.0%	NA	NA	NA	Norman Alshooler, president	(212) 239-4646	✓
22	Pacific Marketing Group, San Francisco	7,600	2,300	25.0%	30.0%	40.0%	50.0%	fl/20%	Andrea Metzler, partner	(415) 788-8764	✓
23	Gold Group, Pleasantville, N.Y.	7,600	6,000	100.0%	100.0%	NA	NA	NA	Victor Ayala, president	(914) 747-1331	✓
24	Block Everett Nardizzi, Stamford, Conn.	6,900	5,640	75.0%	72.0%	11.0%	15.0%	fl/9%	Chuck Nardizzi, ceo	(203) 969-1311	✓
25	Don Jagoda Associates, Syosset, N.Y.	6,300	4,275	39.7%	NA	NA	NA	swps/22%	Don Jagoda, president	(516) 496-7300	✓
26	Lee Hill Inc., Chicago	6,100	5,142	90.0%	90.0%	NA	NA	lic/10%	Paul Rogalla, president	(312) 245-9300	✓
27	William A. Robinson, Chicago	5,700	5,600	87.0%	84.0%	5.0%	6.0%	swps/3%	Bill Robinson, ceo	(312) 372-9333	✓
28	Amrein Marketing, Westport, Conn.	5,676	5,361	69.0%	65.0%	2.0%	3.0%	swps/24%	James R. Amrein, president	(203) 454-3500	✓
29	Promotional Campaigns, New York	5,500	4,200	80.0%	80.0%	20.0%	20.0%	NA	Thomas B. Owen, president	(212) 481-8000	✓
30	Seller-Crescent Co., Evansville, Ind.	5,100	4,300	38.0%	31.0%	7.0%	6.0%	prmtg/44%	Thomas M. Smythe, president-ceo	(812) 464-2461	✓
31	Bell & Partners, South Norwalk, Conn.	5,000	4,200	90.0%	28.0%	10.0%	NA	NA	Martin J. Bell, president	(203) 866-2877	✓
32	Diamond Promotion Group, New York	4,500	3,900	80.0%	85.0%	NA	NA	fl, swps/10% ea	Andrew Cohen, president	(212) 685-6622	✓
33	Strategic Promotions, Dallas	4,392	2,312	61.0%	40.0%	39.0%	60.0%	NA	Grahame R. Hopkins, president-c.d.	(414) 871-1016	✓
34	Wolf Blumberg Krody, Cincinnati	4,200	3,900	80.1%	85.6%	10.4%	9.4%	fl/5%	Dale Wolf, president-ceo	(513) 751-0258	✓
35	Smiley Promotion, New York	4,195	3,975	32.0%	29.0%	12.0%	12.0%	swps/56%	Ronald Smiley, president-ceo	(212) 727-0770	✓
36	Marcon Marketing Services, New York	3,748	3,259	72.0%	78.0%	23.0%	19.0%	swps/3%	Stephen Field, president	(212) 683-3332	✓
37	McCracken Brooks Communications, Minneapolis	3,744	2,502	61.8%	22.0%	12.7%	NA	fl, swps/11% ea	Keith McCracken, president-ceo	(612) 921-8400	✓
38	Lee Krost Associates, Stamford, Conn.	3,643	3,210	60.0%	10.0%	10.0%	70.0%	swps/30%	Lee Krost, president	(203) 358-8890	✓
39	PriceWebster Marketing Communications, Louisville	3,600	4,800	100.0%	100.0%	NA	NA	NA	Shanna Columbus, president-ceo	(502) 499-9220	✓
40	ICE Communications, Rochester, N.Y.	3,400	3,800	90.0%	90.0%	10.0%	10.0%	NA	Fran Cosentino, president-ceo	(716) 244-5400	✓
41	Promotion Group, New York	3,300	2,800	65.0%	65.0%	15.0%	10.0%	fl/10%	Daniel J. Gorman, ceo	(212) 490-5656	✓
42	Promotional Innovations, Stamford, Conn.	3,100	1,800	85.0%	70.0%	5.0%	5.0%	fl, swps/5% ea	John T. Henderson, president	(203) 325-3448	✓
43	Coddington, Chadwick & Meyerson, New York	3,100	2,430	70.0%	70.0%	15.0%	15.0%	swps/10%	Steven Polach, partner	(212) 689-8225	✓
44	Goss & Topp, Exton, Pa.	3,098	1,578	96.0%	100.0%	NA	NA	swps/4%	Alexandra Goss, president	(215) 524-9933	✓
45	Dugan, Valva Associates, Fairfield, N.J.	3,007	2,237	40.0%	40.0%	40.0%	40.0%	comp, swps/10% ea	Peter Dugan, chmn	(201) 227-7396	✓
46	Henschel-Stemau Marketing Services, Englewood, N.J.	3,000	2,400	60.0%	35.0%	5.0%	NA	swps/10%	Met Klein, exec vp	(212) 545-8500	✓
47	Alley Marketing, New York	3,000	2,300	60.0%	60.0%	20.0%	20.0%	fl/10%	Frank Ombres, president	(203) 254-3505	✓
48	Highland Group, Southport, Conn.	2,831	2,418	56.0%	55.0%	42.0%	45.0%	fl/1%	Ron Kraut, dir-promo mktg grp	(212) 297-8551	✓
49	SSB Promotion Marketing Group, New York	2,500	1,500	90.0%	NA	10.7%	NA	NA	W.I. Goldman, S.D. Miller, partners	(312) 337-7676	✓
50	PGM, Chicago	2,371	2,108	100.0%	100.0%	NA	NA	NA	Mark Shapiro, president	(314) 367-4100	✓
51	Louis Landon, St. Louis	2,200	1,800	75.0%	75.0%	25.0%	25.0%	NA	William Davidson, president	(312) 527-3900	✓
52	Davidson Marketing, Chicago	2,044	2,073	77.0%	78.0%	27.0%	22.0%	NA	Norman August, president	(312) 988-9200	✓
53	August, Bishop & Meier, Chicago	1,942	1,366	100.0%	100.0%	NA	NA	NA	Joseph P. Hogan, chmn-ceo	(615) 546-7661	✓
54	J.P. Hogan & Co., Knoxville, Tenn.	1,802	1,609	39.0%	36.0%	20.0%	20.0%	swps/15%	K.J. Laessig, president	(213) 466-0990	✓
55	PROMOT, Los Angeles	1,800	2,000	50.0%	50.0%	50.0%	50.0%	NA	Nicholas G. Ceppi, chmn	(203) 259-7911	✓
56	Promotion Development Corp., Westport, Conn.	1,800	1,300	20.0%	20.0%	40.0%	40.0%	fl, swps/10% ea	Robert T. Moss, mng dir	(213) 854-4748	✓
57	Motivational Incentives Group, Los Angeles	1,766	1,650	75.0%	70.8%	25.0%	30.0%	NA	Geno B. Delfino, president	(914) 747-1400	✓
58	Deffino Marketing Communications, Valhalla, N.Y.	1,665	1,355	70.0%	70.0%	15.0%	12.0%	fl, swps, prem/5% ea	Frank C. Langworth, president	(914) 946-7333	✓
59	Langworth Taylor Co., White Plains, N.Y.	1,600	1,200	85.0%	75.0%	NA	NA	swps/10%	James E. Sanfilippo, president	(314) 231-6500	✓
60	Waylon Co., St. Louis	1,513	1,773	78.0%	74.0%	19.0%	22.0%	swps/3%	William J. Waldbillig, president	(608) 238-4767	✓
61	Waldbillig & Besteman, Madison, Wis.	1,500	800	90.0%	90.0%	10.0%	10.0%	NA	Nicholas J. Glenn, president	(201) 538-1185	✓
62	Coup d'Etat, Parsippany, N.J.	1,482	1,739	90.0%	90.0%	5.0%	10.0%	swps/5%	Marck Mitchell, president	(419) 243-7600	✓
63	Mitchell & Comer, Toledo, Ohio	1,425	870	45.0%	75.0%	25.0%	NA	swps/17.5%	Daniel A. Dodson, president	(404) 266-9258	✓
64	National Promotion Services, Atlanta	1,216	NA	99.8%	NA	NA	NA	NA	Jennifer Deare, president	(212) 779-1313	✓
65	Deare Marketing, New York	1,100	1,000	65.0%	60.0%	5.0%	5.0%	swps/25%	Edward J. Drumm, president	(708) 866-0100	✓
66	Promotion Group Central, Evanston, Ill.	1,076	1,783	65.0%	55.0%	5.0%	5.0%	fl, swps/5% ea	Kerry B. Diddy, president	(513) 751-1730	✓
67	Daymark, Cincinnati	1,075	840	60.0%	60.0%	20.0%	20.0%	fl, swps/5% ea	Howard C. Grant, chmn-ceo	(215) 834-0550	✓
68	R.P. Klein Associates, New York	1,000	1,200	100.0%	100.0%	NA	NA	NA	Richard Klein, president	(212) 557-1450	✓
69	DVI Marketing Services, Costa Mesa, Calif.	991	569	36.0%	36.0%	19.0%	22.0%	events/16%	Donald L. Carr, president	(714) 549-9900	✓
70	McAdams Associates, Chicago	918	728	83.0%	73.0%	17.0%	27.0%	NA	Edward J. McAdams, president	(312) 664-5560	✓
71	Saxon Communications Group, New York	820	730	100.0%	100.0%	NA	NA	NA	Michael J. Enzer, president	(212) 867-2210	✓
72	Promotion Solutions, New York	779	517	70.0%	70.0%	20.0%	25.0%	swps/10%	Ralph Casado, president	(212) 633-2400	✓
73	PPI Marketing Group, Rochester, N.Y.	717	806	100.0%	NA	NA	NA	NA	Richard S. Mainzer	(716) 473-6770	✓
74	Vista Marketing, Chicago	650	NA	100.0%	NA	NA	NA	NA	Thomas W. Smith, president	(312) 649-4853	✓
75	Brandon Communications, Marietta, Ga.	500	300	80.0%	70.0%	20.0%	30.0%	NA	Robert D. Brandon, president	(404) 953-6984	✓
76	Woolf, Reifmann Associates, Chicago	420	510	100.0%	100.0%	NA	NA	NA	Irving W. Woolf, president, chmn	(312) 751-0033	✓
77	Woolf, Reifmann Associates, Chicago	341	285	70.0%	40.0%	30.0%	60.0%	NA	E. Dean Dagler, president	(312) 372-4722	✓
78	DD&A, Chicago	327	NA	60.0%	NA	10.0%	NA	coll/13%	Ken Hieronymus, chmn	(314) 862-8828	✓
79	Sales Development Associates, St. Louis	266	275	100.0%	100.0%	NA	NA	NA	Richard G. Hopkins, chmn	(913) 642-8334	✓
80	Dovetail Partner Promotions, Overland Park, Kan.	266	275	100.0%	100.0%	NA	NA	NA			

Marketing services agencies

Rank 1999	Agency, headquarters	Gross sales promotion revenues		Staff-time fees as % of revenues		Commissions as % of revenues		Leading service as % of gross revenues	Top executive, title	Telephone	Verified
		1999	1998	1999	1998	1999	1998				
1	DCI Marketing, Milwaukee	54,706	54,778	25.0%	25.0%	NA	NA	p.o.p./49%	Ronald C. Chimenti, president	(414) 228-7000	✓
2	Wallace Companies, Birmingham, Ala.	22,800	16,828	3.5%	3.5%	NA	NA	in-store/76.2%	Dan Wallace, ceo	(205) 942-7808	✓
3	Marden-Kane, Lake Success, N.Y.	14,000	14,000	NA	NA	NA	NA	swps/85%	Robert A. Bell, president	(516) 326-3666	✓
4	Stratmar Systems, Port Chester, N.Y.	11,900	10,000	NA	NA	NA	NA	mdse/48%	Dan Aulloni-Charas, president	(914) 937-7171	✓
5	DelWilber & Associates, McLean, Va.	8,000	7,000	34.0%	36.0%	66.0%	64.0%	NA	Del Wilber, president-ceo	(703) 749-9300	✓
6	Besumont-Bennett Group, New York	7,827	7,345	NA	NA	NA	NA	NA	Mike Zisser, chmn-ceo	(212) 886-3300	✓
7	Intergroup Marketing & Promotions, Bloomfield Hills, Mich.	5,922	6,594	14.7%	12.1%	74.3%	76.8%	comp/11%	Count Darling, mng dir-ceo	(313) 433-5200	✓
8	Arocom Group, Fairlawn, Ohio	4,214	3,742	NA	NA	NA	NA	NA	Leo J. LeFort, chmn & president	(216) 666-3727	✓
9	R.G. Meadows, Great Neck, N.Y.	3,840	2,675	NA	NA	NA	NA	NA	Guy F. Allen, president-ceo	(516) 829-4404	✓
10	Ventura Associates International, New York	2,300	1,900	15.0%	8.0%	10.0%	5.0%	swps/70%	Ken Feshkens, president-ceo	(212) 586-9720	✓

Notes: Dollars are in thousands. Rankings for sales promotion and marketing services agencies are based on agency gross revenues, defined as billings to clients less outside costs. Outside costs include printed material, original or photographic art, or mechanical and reproductive art, consultants and free-lancers fees. Gross revenues don't include pass-through dollars. Abbreviations used in leading service column: coll-collateral, com-computers, cons-consulting, coup-coupon, fl-field services & fulfillment, lic-licensing, mdse-merchandise, p.o.p.-point of purchase, prntg-printing, prem-premiums, swps-sweepstakes & games, trvl-travel programs. ✓ indicates that the agency received signature of an independent accountant verifying figures supplied to AA.

Source: Advertising Age survey

U.S.-based ad agencies by domestic sales promotion billings

Rank 1989	Agency, headquarters	Sales promotion billings			Total '89 billings	Rank 1989	Agency, headquarters	Sales promotion billings			Total '89 billings
		1989	1988	% chg				1989	1988	% chg	
1	BBDO Worldwide, New York	\$217,335.0	NA	NA	\$2,656,034.0	97	Partners & Shevach, New York	\$532.0	\$832.0	(36.1)	\$144,500.0
2	DDH Needham Worldwide, New York	162,508.0	NA	NA	2,386,276.0	98	Advertising Communications, Davenport, Iowa	500.0	400.0	25.0	22,770.0
3	Lintas Worldwide, New York	140,314.0	122,200.0	14.8	1,499,929.0	98	Homeroff/Wilenthal/Spence, Columbus, Ohio	500.0	560.8	(10.8)	41,974.3
4	Ross Roy Group, Bloomfield Hills, Mich	136,442.0	130,905.0	4.2	651,073.0	100	Newmark Posner & Mitchell, New York	405.0	524.0	(22.7)	30,093.4
5	Gray Advertising, New York	52,200.0	49,000.0	6.5	1,605,327.0	101	Sullivan & Brownell, Randolph, Vt.	401.7	336.3	19.5	10,042.7
NR	Lavery Wolff-Swift, New York (BBDO)	40,960.0	34,400.0	19.1	107,660.0	102	Ally & Gargano, New York	400.0	200.0	100.0	316,000.0
6	Ketchum Communications, Pittsburgh	36,469.0	31,893.0	14.3	854,855.0	102	Lewis, Gilman & Kynell, Philadelphia	400.0	400.0	0.0	106,000.0
7	Saatchi & Saatchi Advertising Worldwide, New York	24,150.0	9,628.0	150.8	2,778,868.0	104	Scharberg & Associates, Jenkintown, Pa.	360.9	362.0	(2.2)	13,363.3
NR	Frank J. Carbell, Chicago (BBDO)	24,068.0	12,903.0	86.5	65,768.0	105	Deutsch Inc., New York	355.0	259.9	36.6	75,108.9
8	Long, Haymes & Carr, Winston-Salem, N.C.	21,907.0	17,760.0	23.4	103,500.0	106	Simons Nicholson Zieve, Troy, Mich	350.8	450.8	(22.2)	32,800.0
9	Hesselt & Mitten Advertising, Fairlawn, Ohio	19,995.8	17,276.5	15.7	60,251.9	107	Georin Hoffman Conlon & Nye, Boston	350.0	200.0	75.0	40,678.0
10	Silverstone, Adkins & Breit, Stratford, Conn	18,900.0	17,200.0	9.9	20,242.8	108	Blake, Walls & Associates, Los Angeles	345.0	272.8	26.5	4,900.5
11	Sutton Healthcare Group, New York	18,700.0	10,200.0	83.3	52,300.0	109	Advertising, Beecher & Lincoln, Madison, Wis.	309.6	211.4	46.5	10,872.8
12	Laurence, Charles, Free & Lawson, New York	17,285.6	8,085.0	113.8	275,187.0	110	Thomas G. Ferguson Associates, Parsippany, N.J.	300.0	150.0	100.0	120,697.8
13	Grant Jacoby, Chicago	16,500.0	11,000.0	50.0	66,022.0	110	Haddon Advertising, Chicago	300.0	600.0	(50.0)	43,347.5
14	Medicus Intercon International, New York	16,092.6	13,417.2	19.9	133,489.6	110	Martin-Williams, Minneapolis	300.0	NA	NA	100,000.0
15	Gross Townsend Frank Hoffman, New York	16,000.0	15,150.0	1.6	78,374.9	110	Rubin Reid Holo & Ehrenthal, New York	300.0	300.0	0.0	33,470.0
16	Earle Palmer Brown, Bethesda, Md.	15,500.0	10,600.0	46.2	310,500.0	114	Stephen & Brady, Madison, Wis.	286.8	295.7	(3.0)	23,398.3
17	Creswell, Mansell, Feltz & Zirbel, Cedar Rapids	15,391.4	10,250.9	50.1	90,537.6	115	Lehmeyer Simpson Communications, Morristown, N.J.	250.0	325.0	(23.1)	28,000.0
18	Shelby Berman Communications, Westerville, Ohio	14,193.7	12,086.0	17.4	26,356.6	115	Mills Marketing, Los Angeles	250.0	250.0	0.0	860.1
19	Leo Burnett Co., Chicago	11,117.0	13,038.0	(14.7)	1,945,282.0	117	Jordan Tamraz Caruso Advertising, Chicago	235.5	240.0	(1.9)	37,360.0
20	Girgotti, Hughes, Butler & McDowell, New York	10,290.0	5,000.0	105.8	30,100.0	118	Salvati Montgomery Sakoda, Costa Mesa, Calif	230.7	294.5	(21.6)	22,717.1
21	Penny/Ohlmann/Neiman, Dayton, Ohio	10,267.6	11,144.5	(7.9)	23,517.0	119	Nemer, Fieger & Associates, Minneapolis	220.0	150.0	46.7	8,062.0
22	Arian, Lowe & Travis Advertising, Chicago	9,709.0	9,127.3	6.4	20,072.7	120	McFarland Group, Elm Grove, Wis.	215.0	230.0	(6.5)	10,877.1
NR	Rapp Collins Marceau, Chicago (BBDO, DOB)	9,400.0	9,300.0	1.1	226,000.0	121	Adelante Advertising, New York	205.0	205.0	0.0	6,034.0
23	Safhouse-Torre-Worton, Rutherford, N.J.	9,000.0	9,900.0	(9.1)	41,175.0	122	Babbitt & Reiman Advertising, Atlanta	200.0	200.0	0.0	53,901.0
24	Grant Marketing Communications, Lafayette Hill, Pa.	8,720.0	7,103.0	22.8	9,670.3	123	Maronette & Co., Auburn Hills, Mich	183.0	220.0	(16.8)	10,868.1
25	Campbell-Mithun-Esty, Minneapolis	7,738.2	6,928.0	11.7	859,800.0	124	Dugan-Farley Communications, Upper Saddle River, N.J.	175.0	NA	NA	52,576.9
NR	Rumrill-Hoyt, Rochester, N.Y. (S&S)	7,150.0	5,523.0	27.2	86,617.0	125	Pierson & Flynn, Chicago	165.0	600.0	(72.5)	8,126.4
26	Sudler & Hennessey, New York	6,900.0	7,000.0	(1.4)	164,016.7	126	Bailey Lewis & Associates, Lincoln, Neb.	150.0	140.0	7.1	13,108.1
27	Barnum & Souza, New York	6,568.9	5,839.0	12.5	27,370.5	126	Graef Scott Advertising, New York	150.0	100.0	50.0	35,449.0
28	William Douglas McAdams Inc., New York	6,500.0	4,500.0	44.4	107,000.0	128	Cross Keys Advertising, Doylestown, Pa.	143.0	NA	NA	3,269.3
29	Eisner & Associates, Baltimore	6,490.0	4,860.0	33.5	52,196.7	129	Lord, Sullivan & Yoder, Columbus, Ohio	142.8	380.0	(62.4)	45,349.4
30	Northrich Stolley LaWarre, Cincinnati	6,162.0	4,635.0	32.9	39,514.0	130	Phillips Marketing, San Diego	136.0	NA	NA	813.7
31	Marketing Resources, Overland Park, Kan.	5,900.0	11,200.0	(47.3)	56,900.0	131	Keating Mages Long, New Orleans	133.2	155.4	(14.3)	4,280.9
32	Henderson Advertising, Greenville, S.C.	5,815.0	5,124.0	13.5	80,669.0	132	OK Group, Hillsdale, N.J.	129.2	NA	NA	2,128.5
33	Robert A. Becker EWOB, New York	5,500.0	3,818.0	44.1	50,000.0	133	Saunders & Lyons Advertising, Buffalo, N.Y.	120.7	NA	NA	10,277.1
34	Paolin & Sweeney Advertising, Cherry Hill, N.J.	5,300.0	3,200.0	65.6	33,700.0	134	Ingalls, Quinn & Johnson, Boston	120.0	390.6	(69.3)	137,079.0
35	Towne, Silverstein, Rafter, New York	5,000.0	3,000.0	66.7	83,000.0	134	Wolkas Advertising, Albany, N.Y.	120.0	148.0	(18.9)	8,304.4
36	Marketing Support, Chicago	4,692.8	9,162.2	(48.8)	37,348.0	136	TCI Advertising, Stamford, Conn.	115.0	125.0	(8.0)	7,430.4
37	Kaufman & Maroff Advertising, New York	4,200.0	1,600.0	162.5	22,547.4	137	Lyon Inc., Wilmington, Del.	100.0	250.0	(60.0)	25,108.3
38	TWA Advertising, New York	4,200.0	3,500.0	20.0	221,600.0	137	North Castle Partners, Stamford, Conn.	100.0	NA	NA	62,110.0
39	Noble Communications, Springfield, Mo.	4,150.4	8,378.5	(50.5)	80,093.9	137	Stone, August, Baker Communications Cos., Troy, Mich.	100.0	NA	NA	30,878.1
40	Malone Advertising, Akron, Ohio	3,950.0	2,300.0	71.7	76,355.5	140	J. Richard Smith Ltd., Old Bethpage, N.Y.	95.0	805.0	(88.2)	41,257.1
41	Mendoza, Dillon & Associates, Newport Beach, Calif	3,423.0	2,624.0	30.4	63,389.9	141	Aldi Inc., Foster City, Calif.	92.4	63.6	45.3	3,900.1
42	Asher Gould Advertising, Los Angeles	3,000.0	4,000.0	(25.0)	93,004.0	142	Semel-Kaye & Co., Northbrook, Ill.	90.0	NA	NA	10,628.5
43	Daniel Glassman Advertising, Fairfield, N.J.	3,000.0	2,889.0	3.8	6,622.0	143	Harney & Patrick Advertising, Mobile, Ala.	85.0	NA	NA	12,640.0
44	Abeleson-Taylor, Chicago	2,818.0	4,352.0	(35.2)	44,669.0	144	Kilian & Co., Chicago	77.1	NA	NA	1,748.3
45	Frankenberry, Laughlin & Constable, Milwaukee	2,508.0	775.0	223.6	45,200.0	145	Stegler, Wells & Brunswick, Bethlehem, Pa.	75.1	64.9	15.8	14,667.3
46	Jack Levy & Associates, Chicago	2,500.0	1,100.0	127.3	56,500.6	146	McAndrew Advertising Co., Bronx, N.Y.	75.0	78.0	(3.8)	242.0
47	Admarking Inc., Los Angeles	2,400.0	2,700.0	(11.1)	252,000.0	147	FKQ Advertising, Clearwater, Fla.	73.0	NA	NA	10,181.2
48	Umphreys Martin Lonsdorf, Atlanta	2,377.7	1,643.5	44.7	19,266.2	148	Patterson Advertising Agency, Topeka, Kan.	71.3	197.4	(63.9)	3,661.2
49	Rubin Postner & Associates, Los Angeles	2,262.0	2,659.5	(14.9)	143,059.0	149	Smith & Yehle, Kansas City, Mo.	67.4	66.8	1.0	6,743.7
50	Weightman Group, Philadelphia	2,237.0	1,941.6	15.2	110,000.0	150	Bradford Advertising & PR, Old Saybrook, Conn.	67.3	420.4	(84.0)	3,093.2
51	Hallmark Advertising, Pittsburgh	2,145.0	2,004.0	7.0	17,880.0	151	Jilley Communications, Holly Hill, Fla.	65.0	77.8	(16.4)	3,370.3
52	John Risdall Advertising, New Brighton, Minn.	2,063.0	2,028.0	1.7	13,210.0	152	Levy, King & White, Buffalo	64.2	1,162.7	(94.5)	47,260.0
53	Kels & Draft Advertising, Chicago	2,000.0	1,000.0	100.0	116,900.0	153	Tape, Hensler & Westertamp, Cincinnati	58.5	81.3	(28.0)	8,684.0
54	Harold Warner Advertising, Buffalo, N.Y.	1,950.0	1,912.0	2.0	6,800.4	154	DPL Advertising, Battle Creek, Mich.	50.0	45.0	11.1	5,639.1
55	Jayme Organization, Cleveland	1,900.8	2,443.0	(22.2)	45,428.8	154	Kapf Zimmermann Schulteis, Melville, N.Y.	50.0	NA	NA	6,185.2
56	Solin Associates, New York	1,875.0	1,750.0	7.1	23,100.0	154	NPC & Associates, Landover, Md.	50.0	NA	NA	2,457.5
57	Dudnyk Co., Horsham, Pa.	1,850.0	1,820.0	1.6	23,700.0	157	Larkin, Mender & Schmeidel, Dallas	48.0	NA	NA	28,040.0
58	Ruhr Paragon, Minneapolis	1,828.8	1,524.0	20.0	55,500.0	158	Bockman Associates Advertising, Albany, N.Y.	47.6	322.7	(85.2)	10,898.0
59	Fogarty & Klein, Houston	1,737.0	377.0	360.7	51,812.0	159	Meyer John & Wallis, Milwaukee	45.0	30.0	50.0	14,593.0
60	Keyes Martin & Co., Springfield, N.J.	1,600.0	1,660.0	(3.6)	58,000.0	160	Sturm Communications Group, Chicago	40.0	NA	NA	12,547.6
61	Dorland Sweeney Jones, Philadelphia	1,500.0	1,135.0	32.2	31,944.5	161	FitzSimons Advertising & Public Relations, Cleveland	38.4	32.7	17.2	5,199.5
62	Keroff & Rosenberg Advertising, Chicago	1,500.0	1,275.0	17.6	35,133.4	162	Harrison Advertising, Warrenville, Ill.	38.0	NA	NA	966.8
63	McKee Advertising, Elk Grove Village, Ill.	1,290.9	1,169.8	10.4	9,469.3	163	Cranford Johnson Robinson Woods, Little Rock, Ark.	29.1	9.8	196.6	26,197.4
64	Trahan, Burden & Charles, Baltimore	1,230.0	1,000.0	23.0	47,400.0	164	Opus Group, Ridgewood, N.J.	29.0	NA	NA	2,690.5
65	Carroll-O'Neil & Associates, Irvington-on-Hudson, N.Y.	1,221.7	500.0	144.3	69,413.0	165	MacDonald Boyd White, Boston	28.2	NA	NA	5,946.9
66	Al Paul Lefton Co., New York	1,200.0	NA	NA	70,000.0	166	Capener Co., San Diego	26.0	10.0	160.0	10,170.0
67	Quelly & Co., Chicago	1,100.0	425.0	158.8	8,000.0	167	Fischlein & Partners, Minneapolis	25.0	NA	NA	5,434.4
68	Gouldfarb Hoff & Co., Southfield, Mich.	1,080.0	965.0	11.9	24,255.8	167	KK&M Advertising, Boston	25.0	100.0	(75.0)	26,500.0
69	Stone & Simons Advertising, Southfield, Mich.	1,057.8	958.7	10.3	32,048.3	169	Esley-Hoover, Newport Beach, Calif.	13.5	22.4	(39.7)	8,243.6
70	Pedone & Partners, New York	1,000.0	1,210.0	(17.4)	30,361.2	170	Smith Advertising & Associates, Fayetteville, N.C.	12.5	NA	NA	4,852.6
71	Thompson Recruitment, Los Angeles	1,000.0	1,000.0	0.0	144,000.0	171	Hel Langerman Co., Blue Bell, Pa.	10.0	NA	NA	12,656.0
72	J. Malet Inc., New York	950.0	595.0	59.7	1,936.8	172	Cree Associates, Oak Brook, Ill.	7.0	82.5	(91.5)	2,328.6
73	MARC Advertising, Pittsburgh	928.3	1,000.0	(7.2)	50,306.0	173	Hinton & Steel, Seattle	5.5	38.7	(85.9)	2,822.9
74	Gumpertz Bentley Fried, Los Angeles	926.0	605.0	53.1	23,117.3	174	James & Thomas, Chicago	5.0	5.0	0.0	3,263.2
75	Laven Fuller & Perkins Advertising, Chicago	919.6	1,020.1	(9.9)	6,490.0	175	MarketAide Inc., Salina, Kan.	4.2	NA	NA	3,803.7
76	Creative Alliance, Louisville	900.0	NA	NA	17,584.8	176	Richards Group, Dallas	0.1	0.1	0.0	125,100.0
76	Hutcheson-Shutze, Atlanta	900.0	1,200.0	(25.0)	44,717.0						
78	Carmichael Lynch, Minneapolis	897.0	585.0	53.3	87,893.0						
79	Maricom Inc., Columbus, Ohio	847.0	NA	NA	13,882.9						
80	Sisti, Zinberg & Howard, Paramus, N.J.	838.6	NA	NA	4,615.9						
81	Marcus Advertising, Cleveland	823.7	NA	NA	24,869.1						
82	Kolon, Bittker & Desmond, Troy, Mich.	800.0	650.0	23.1	31,941.0						
83	Don Wise & Co., New York	750.0	500.0	50.0	4,500.0						
84	Tri-State Advertising Co., Warsaw, Ind.	711.9	790.9	(10.0)	6,441.3						
85	Christopher Thomas/Muller Jordan Weiss, New York	698.8	100.0	596.8	50,444.5						
86	Geohagan Griffiths, Cincinnati	684.0	477.0	43.4	3,769.0						
87	Goldberg Fossa Reid Advertising, New York	650.0	NA	NA	7,750.0						
87	Gray Kirk & Evans, Baltimore	650.0	NA	NA	40,300.0						
89	Landis, McCurdy & Co., Menden, Conn.	615.0	795.0	(22.6)	4,753.0						
90	Kocs, Wesson & Associates, Brookfield, Wis.	610.0	640.0	(4.7)	4,600.0						

How data were compiled

The diversity of sales promotion agencies makes ranking the industry seem almost arbitrary.

Some are full service in the traditional ad agency sense, offering strategic planning and concept development with a panoply of creative services. Others are "suppliers" heavy on a particular sales promotion technique but light on client planning. A good many occupy the middle ground.

Advertising Age's solution to the tiering in the industry was to divide the industry into three groups: sales promotion agencies, marketing services agencies and ad agencies with sales promotion billings.

Agencies qualify for the sales promotion ranking if they draw at least 40% of their revenues in staff-time fees from strategic planning and concept development and art/physical production. They can draw a smaller percentage from such fees, but services must be numerous and balanced.

The lead agency in this group, D.L. Blair Corp., earns 29% of its revenues from staff-time fees, but its sales promotion disciplines are broadly based—24.5% of revenues from sweepstakes and games, 4.5% from field services, 17% from direct marketing, 7% from research and incentive programs, 18% from commissions and markups.

Marketing services companies are agencies with a bias in one or two sales promotion specialties. A number of these agencies are suppliers to other sales promotion agencies. Heading this list is DCI Marketing, Milwaukee, which earns 25% of its revenues from staff-time fees, but 49% of its total business is point of sale merchandising, some for other sales promotion agencies.

Information on ad agencies ranked by their sales promotion billings on Page S-3 was obtained from questionnaires used in compiling the Advertising Age Agency Income Report, published March 26. (See Page S-3 for methodology.)

Ad agency sales promotion billings divided by 6.67 equals fee income, which is equivalent to gross revenues reported by sales promotion agencies. Ad agencies in general are paid in fees for sales promotion activity. Because billings are an agency size barometer, ad agencies convert fees to billings by multiplying fees by 6.67. This treats fees as the 15% media commission and billings as the media volume bought.

Sales promotion and marketing services agencies surveyed in this report responded to an Ad Age questionnaire. In many cases, agencies were contacted for further data or clarification. Some 54% of the forms contained a signature of an independent accountant confirming the numbers reported.

Results from Advertising Age 1990 sales promotion agency report

Category/technique	Increase		Same		Decrease		No answer	
	Responses	Percent	Responses	Percent	Responses	Percent	Responses	Percent
<i>Of your clients' marketing budgets in 1990, what is the movement in the dollar percentage allocated the following?</i>								
Slotting allowances	21	24.1%	44	50.6%	9	10.3%	13	14.9%
Trade-oriented promos	50	57.5%	23	26.4%	4	4.6%	10	11.5%
Consumer promos	52	59.8%	21	24.1%	5	5.7%	9	10.3%
Brand advertising	15	17.2%	32	36.8%	28	32.2%	12	13.8%
<i>Of your 1989 activity, did you use more/less of the following basic sales promotion techniques compared to 1988?</i>								
Price off	12	13.8%	44	50.6%	17	19.5%	14	16.1%
Refunds	21	24.1%	30	34.5%	27	31.0%	9	10.3%
Coupons	16	18.4%	49	56.3%	13	14.9%	9	10.3%
Games	31	35.6%	25	28.7%	23	26.4%	8	9.2%
On-pack premiums	28	32.2%	30	34.5%	16	18.4%	13	14.9%
Free premiums	35	40.2%	32	36.8%	11	12.6%	9	10.3%
Near-pack premiums	11	12.6%	37	42.5%	25	28.7%	14	16.1%
<i>Of your 1989 activity, did you use more/less of the following overlay sales promotion techniques compared to 1988?</i>								
Sweepstakes	32	36.8%	31	35.6%	18	20.7%	6	6.9%
Self-liquidating premium	26	29.9%	32	36.8%	22	25.3%	7	8.0%
Thematic events	56	64.4%	19	21.8%	2	2.3%	10	11.5%
Altruistic promotions	28	32.2%	34	39.1%	14	16.1%	11	12.6%
Contests	16	18.4%	37	42.5%	24	27.6%	10	11.5%

Source: Advertising Age survey of 90 sales promotion and marketing services agencies. Data do not apply to agencies listed in ranking on Page S-3.

Ad chart: Kevin Brown

Listen To Hear If You've Won \$500.00!

Your Advertising Will Command Attention And Your Premiums Will Be Valued By Your Customers, When You Include Soundsheets

You just can't find a more cost effective way to command attention and to generate action than with Eva-Tone Soundsheets. Use them as premiums, in direct mail or as inserts in magazines or newspapers, and they'll keep on selling for you long after other "attention getters" have been lost or tossed, and expensive pop-ups have gone flat.

Here are some great ideas that have already proven successful. And you're going to think of more!

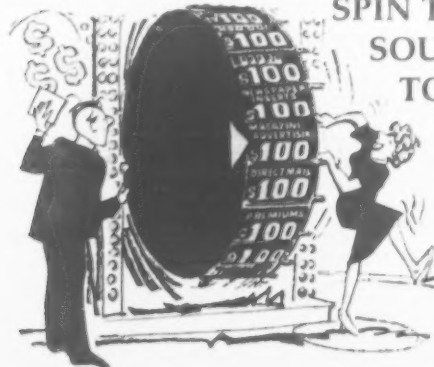


◆ **KENTUCKY FRIED CHICKEN**, featuring Walter Payton: During the "Good Sound Meal Deal," consumers all over Chicagoland were offered a free-with-purchase Walter Payton Soundsheet from their local Kentucky Fried Chicken restaurant. NW Ayer produced this point-of-purchase premium for the Chicagoland Association of Kentucky Fried Chicken Restaurants. The Soundsheet was packaged in a full-color sleeve printed by Eva-Tone.

◆ **TRUMP CASTLE CASINO RESORT**, featuring Dolly Parton: A direct mail Soundsheet pocket folder was the medium chosen by this Atlantic City, New Jersey, casino to promote Dolly Parton's special guest appearance. Creative Director Jack Breslin, Art Director Dave Drotleff and Executive Director Jeanine Repa conceived and created this complete package. Eva-Tone manufactured, printed and mailed — all from one location.



SPIN THAT SOUNDSHEET TO HEAR IF YOU'VE WON \$500.00!



There's a lot more to the Eva-Tone story — plus a chance for you to win \$500.00! Just listen to the attached Soundsheet. You'll hear plenty of exciting ideas that will start your creative juices flowing — and you just may hear that you're \$500.00 richer! Please, only one name per winning Soundsheet. You must claim your prize by sending your winning Soundsheet to Eva-Tone no later than the date on the enclosed Soundsheet label.

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Local touch

(Continued from Page S-1) spectively. Those totals are largely equivalent to \$32.6 million and \$24.3 million in gross revenues, respectively.

Retailers increasingly have become the dominant outlet for sales promotion programs.

Among five major promotion categories contributing to agency revenues—sweepstakes and games, field services and fulfillment, coupon processing, computer processing and data-base services, and in-store sampling—the latter represented the largest increase in revenues among the 90 agencies—up 26.4% to \$9.3 million.

More than half of the agencies predicted trade-oriented programs would increase as a per-

centage of their clients' budgets in 1990. A quarter expected so-called slotting allowances to do the same, although half believed such fees marketers pay retailers for shelf space would remain constant (see chart on Page S-4).

Revenues earned from local-market activity by the 90 agencies were up 51%, rising to \$96.9 million in 1989. Account-specific revenues rose 17.3% for the same period, reaching \$321.1 million.

Both activities cut into national sales promotion programs—the orientation of promotion agencies for many years. And they have become increasingly expensive to administer.

"Local is up, and there will be more and more of it than traditional media advertising," says Geno R. Delfino, president of Delfino Marketing & Communications, Valhalla, N.Y. They [clients] see quick

action, which they can't see from media exposure," he adds.

"The retailers are demanding it [local marketing]," says Richard Klein, president of R.P. Klein Associates, New York, an agency whose local-market promotion contributed 30% of its revenues in 1989, up from 20% the year before.

Mr. Klein also feels the impact of demands by retailers for account-specific programs, those geared to an individual chain or a local section of a chain.

"We worked, for example, with Lever Bros. on the Wisk [detergent] fireworks program in which Grucci Fireworks Co. would put on professional fireworks shows in local communities," he says. "The program was conducted nationally without success. But now it's regionalized with grocery chain partners, such as Winn-Dixie, and it's working well."

The Ad Age report found a renewed interest in local-level special events of all kinds, including parades, music and sports.

Greater localization of the business is funneling more business to the promotion agency nemesis—the ad agencies that, unlike the more nationally-oriented promotion shops, already are in the markets or have the financial resources to be there.

Ad agencies and marketing services companies have moved deeply into the heart of the promotion industry via acquisitions. Now owned by ad agency giants: No. 4 Cato Johnson, a subsidiary of Young & Rubicam; No. 5 Clarion Marketing & Communications and No. 7 marketing services agency Intergroup Marketing & Promotions, both owned by D'Arcy Masius Benton & Bowles; No. 6 in marketing services Beau-

mont-Bennett, owned by Grey Advertising; and No. 13 Impact, a part of Foote, Cone & Belding Communications.

FKB International, London, a marketing services company, expanded its sales promotion holdings in the U.S. to include No. 7 Saugatuck/FKB, No. 10 American Consulting Corp., No. 18 QLM Associates and No. 51 Louis London.

This past year, London-based Doctus acquired No. 41 Promotion Group and Wallace Cos.; WPP Group picked up No. 29 Promotional Campaigns through the acquisition of Ogilvy Group; Ketchum Communications, Pittsburgh, purchased No. 27 William A. Robinson Inc., Chicago; and RSCG Group, Paris, bought KLP and its sales promotion unit, No. 6 Comart-KLP.

Ad agencies treading on the sales promotion domain are viewed as a threat by Grahame R. Hopkins, president-creative director of No. 33 Strategic Promotions, Dallas.

"Advertising agencies are selling themselves as sales promotion specialists. This will lead to their failure and give the industry a black eye," he says.

"As agencies push to get business, they will do more and more free spec to get the account," laments Frederick Siebel, chairman of No. 15 Siebel/Mohr, New York.

Method of payment was perhaps on the minds of most respondents in this Ad Age report, most of whom want broader planning and longer-term, retainer-based relationships with their clients.

Evidence of a change in that direction is appearing.

The percentage of revenue coming from strategic, creative and conceptual planning and execution in 1989 grew 28.3% to \$218.6 million, or 34.3% of the total promotion revenues of the 90 sales promotion/marketing services companies.

In the same vein, commissions—compensation based on individual services and projects—fell as a percentage of total agency revenues, to 14.1% from 14.6% a year earlier. In volume terms, commissions grew 13.2% in 1989 to \$120.6 million.

It may not come as a surprise to those laboring in the promotion vineyards that fewer people did more work in 1989 than in '88.

Total offices among the 90 agencies jumped to 334 from 146—probably in response to more localized marketing—but the number of employees advanced only 0.87% to 4,734.

And what about future growth? These industry leaders predict a 20% growth in revenue, on average, for this year. □

Kenneth Wylie is a free-lance writer in Evanston, Ill.

- ◆ **ABSOLUT VODKA**, featuring Antonio Carlos Jobim: Subscribers to Rolling Stone magazine were treated to an original full-length composition by this famous Brazilian composer-arranger-performer. This Soundcard insert was produced for Carillon Importers, exclusive importer of Absolut Vodka, by TBWA Advertising. Eva-Tone printed and manufactured.

- ◆ **RALSTON PURINA COMPANY CEREALS**, featuring "Meet A Real Ghostbuster": Flexible vinyl Soundsheets were included in boxes of Ghostbusters™, Cookie Crisp™

and Dinersaurs™ brand cereals. Millions of youngsters had the chance to enter a Movie Mystery Sweepstakes by answering questions they heard on the Eva-Tone Soundsheet. Grand Prize was a trip to Hollywood to meet a real Ghostbuster. Ralston Purina conceived and created the promotion, and Simon Marketing, Inc., Los Angeles, coordinated with Eva-Tone.

EVA-TONE

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1. Your message will get noticed.
2. Your message will get listened to. (There are more turntables in homes than CD players and VCRs.)
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5. Add audio to direct mail.
6. Offer valuable premiums.

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- More than 350 million Soundsheets produced in the '80s.
- More than 52 million were produced in 1989 alone, the most ever in one year.
- More than 9 million Soundsheet inserts were placed by one advertiser in People, YM and Glamour in early 1990.
- One instant-win Soundsheet worth \$1,000,000.00 — with 80-million-to-1 odds — was listened to and redeemed during 1989.
- An advertising professional won \$500.00 just for listening last February.
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The lines are blurring

As promotion and direct response mix, big shops see opening

By Scott Hume

Q LM Associates' "Succeed in the banking jungle" promotion for Citibank Arizona starts with a mailing of game cards to bank customers. Flair Communications kicks off its promotion for G. Heileman Brewing's title sponsorship of the Old Style Marathon/Chicago with a mailing to 60,000 potential runners.

With "targeting" and "efficiency" at the center of every advertising and marketing program,

promotion agencies increasingly are using direct marketing in consumer promotion programs.

And that's stirring a conflict that must be resolved in the 1990s.

Where is the dividing line that defines sales promotion agencies and direct-marketing agencies? Will both survive as distinct disciplines through the decade? Will either be forced to add the discipline of the other to remain competitive?

Answers will likely come sooner than later as the multidisciplinary

ad agency continues to stalk clients of independent promotion and direct-marketing agencies.

Some advertisers already are turning to mega-agencies for sales promotion and direct marketing because of the efficiency and convenience of one-stop shopping.

Most executives on both sides of the dividing line foresee a peaceful coexistence—a scenario that serves each industry's best interests. But most also concede the line is breaking up—that the area of overlap is expanding.

"Certainly it's true that direct

marketing—or at least direct mail—is a more common and more important part of promotional strategies than was true just a few years ago," says Greg Hawn, ceo of Cato Johnson Promotion Marketing's Chicago and Los Angeles offices, as well as its Cato Johnson Entertainment Marketing unit.

"But I think there's a difference between promotion firms using direct marketing as a tactic and being fully in the direct-marketing business," he says. "I think the feeling in the U.K. is that a merging of the disciplines is coming. But in the U.S., I think there are differences."

Primary among those differences is the situation Cato Johnson faces by being part of Young & Rubicam's extended family of companies, which also includes direct-marketing giant Wunderman Worldwide.

Y&R, like Foote, Cone & Belding, Ogilvy & Mather, Ketchum Communications and most other major ad agencies, has acquired distinct promotional-marketing and direct-marketing agencies. Those units are finding the line

between learning from each other's specialties and cannibalizing business from an affiliate.

"In the U.S., the path is integration rather than melding—and it works," Mr. Hawn says. "Cato Johnson, Burson-Marsteller [Y&R's PR agency] and Wunderman are each separate. We don't intend to supplant Wunderman, but that doesn't keep us from tactically using direct marketing."

Joe Flanagan faces a similar situation as president of Impact, which operates alongside sister company FCB/Direct within parent Foote, Cone & Belding Communications. But he anticipates more of a European-style merger of the promotion and direct-marketing fields.

"There's still a gap between them, but by the mid-1990s I think they will be one and the same," he says. "One reason is integration. The disparity between sales promotion and direct marketing in ad agencies is gone. Promotion, direct marketing and advertising all have so much in common, and will have more, that the area of overlap is great."

Mr. Flanagan says, "the next three to four years are going to be crucial," because all three disciplines are being reshaped. How distinct each of the three legs on the marketing stool remains may be decided in that time.

If one key area of agreed-upon difference between promotion agencies and direct marketers remains, it's in data-base marketing, which uses the names generated by direct response or promotions to build continuing, long-term marketing programs.

"Data-base marketing is still [that of the direct marketers]," Mr. Flanagan says. "From a creative standpoint, the two disciplines have a great deal in common. We can design mailings; they can [incorporate promotion tactics]. But building and using data bases is where direct marketers have begun specializing, and sales promotion is still in the Dark Ages there."

Sid Liebenson, exec VP at Kobs & Draft Advertising, Chicago, a direct-marketing unit of Saatchi & Saatchi Co.'s Backer Spielvogel Bates ad agency, agrees data-base expertise will keep direct marketing a distinct discipline.

"There's no question that we're seeing direct marketers doing programs that seem to be traditional sales promotions, and vice versa," he says. "But direct response long has been a part of sales promotion's bag of tricks."

Mr. Liebenson foresees a melding of the two disciplines, but as a partnership rather than a merger.

"I think you'll see more programs that begin as a promotion and then turn into direct marketing," he says. Sales promotion will generate names, which are handed like a relay baton to the direct-marketing partner.

"Three years ago, I think everyone expected a shotgun wedding between promotion and direct marketing. People said, 'Oh, you won't be able to tell them apart,'" says William Robinson, chairman of William A. Robinson Inc., now a promotional marketing unit of Ketchum Communications. "But I don't think we've seen that wedding happen as predicted. Both have settled into their own places."

"Clearly, you see promotion using more direct marketing and vice versa, so there's that area of overlap. But not to the extent I think we both anticipated," he

(Continued on Page S-14)



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The European scramble is on

By Alison Fahey
and Elena Bowes

U.S. sales promotion agencies are scrambling to enter Europe, much for the same reasons U.S. advertising agencies invaded the Continent three decades ago. They need to keep pace with domestic clients expanding internationally, remain competitive, particularly with the sales promotion units of multinational ad agencies, and hit the market while the going's good.

Europe of the '90s carries much promise. It's on the verge of becoming a more cohesive market, albeit one likely to remain heterogeneous, as trade barriers tumble within the European Community. Sales promotion agencies agree there's nothing magical about 1992, the EC's symbolic year for open trading. But agencies see a need to move quickly into the rapidly growing market. Citicorp Investment Bank estimates EC sales promotion activity is \$32.4 billion—basically the same as advertising expenditures in the EC.

"Let's face it, no one really knows what we're going to find when we get there," says one agency executive. "But most of us are scrambling to get a piece of it."

Part of the reason for the race is the scarcity of entry points.

"Only one sales promotion agency of any size and value is still independent in Italy," says Roger Swann, exec VP of KLP International, London. "The same is true of Spain, Europe's hottest market."

Admission today will more likely be through joint venture or consortium for independent sales promotion shops. Acquisitions and startups will be left to the multinational ad agencies.

Advertisers, already marketing products in Europe or gearing up to tap the 320 million-plus consumer base, are driving much of the activity, much as expanding U.S. marketers spurred their ad agencies to venture abroad in the 1950s and early 1960s.

"Sales promotion agencies are saying, 'We've got to be able to tell our clients we can help them in Europe, at least by referring them to an affiliate,'" says Vincent Sottosanti, president of Council of Sales Promotion Agencies and chairman-CEO of Comart-KLP, New York.

The European connection also can benefit the U.S. agency at home. One sales promotion agency, Einson Freeman, Paramus, N.J., got clients Philip Morris Cos. and PepsiCo as a result of its link-up in the mid-1980s with London-based KLP, an international marketing services network.

"If not for that affiliate structure, we would not have qualified for that business," says Jeffrey McElnea, president of Einson, now part of WPP Group, London.

Another example is the case of Modular Marketing. Harry Kraus, president-ceo, says, "We had serious needs in helping our clients get off the ground over there."

One such client, CMP Direct, a unit of CMP Publishers, has been directed to an agency in the European consortium that New York-based Modular is forming with agencies in Paris, London and

Frankfurt.

Consortium members will remain independent; members will swap business and pay each other referral fees.

Tom McCann, president of Siebel/Mohr, New York, wants to be able to say to his clients, "We can do that for you in Europe through so-and-so company." So it's seeking an affiliation arrangement.

Siebel/Mohr says a European presence would help the agency get business. For example, its biggest client, Jos E. Seagram & Co., currently uses various promotion agencies throughout Europe.

"We, too, are exploring every

avenue," said Jim Mack, president of Chicago-based Frankel & Co., a leading independent U.S. shop. Explorations include linking with independent agencies and/or mega marketing communications groups in Europe, he says.

Promotional Campaigns, a London-based sales promotion shop purchased in 1986 by Ogilvy & Mather, is looking to open new agencies in Europe by hiring nationals and then import its people "to show them our system," says Keith Bantick, founder of PC and chairman of O&M's sales promotion unit worldwide.

Since the acquisition, Promo-

tional Campaigns has expanded into France, Holland, Germany and Spain.

On the flipside, European-based marketing-service companies have dipped into the U.S. to buy promotion agencies to tap the large U.S. market and to provide an easy conduit for U.S.-based clients served by its new U.S. affiliates to ease into the European market.

KLP, now part of RSCG Group, the French agency/marketing services combine, holds Comart-KLP, while WPP Group owns Einson Freeman. Saatchi & Saatchi Co. has Howard Marlboro

Group and FKB Group owns American Consulting Corp., QLM Associates and Louis London, three agencies FKB is expected to fold under one name—Francis Killingbeck Bain, New York.

Expansion into Europe won't be for the meek, because even European agencies with strong roots have expanded slowly and with care. "It took KLP five years to build a network of agencies in France, Holland, Spain, Ireland and Scandinavia. It's a major effort for companies like Coke to send people around the world, let alone a promotion agency," says Mr. Swann. □



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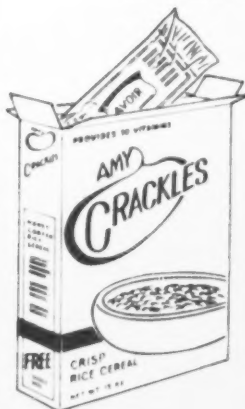
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Targeting the Continent?

Here's a roadmap to deal with bureaucracy, regulations

By Elena Bowes

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Throughout 1990, Advertising Age is featuring a series of market profiles that focus the nation's attention on cities that play a vital role in the business of marketing. These profiles analyze the particular region as to its demographics, industries, work environment and local media.

In its June 11 issue, Advertising Age will spotlight Washington, D.C.

A mix of powerful political and business organizations, the climate in D.C. is fast-paced, exciting and potentially confusing, especially for marketers unfamiliar with it. It would be easy for a newcomer to underestimate both the affluence and the opportunities that are so much a part of the Washington scene.

Ad Age's profile on Washington

For more information, contact Deborah Malone at 212/210-0744, FAX 212/867-9716.

ISSUE DATE: June 11

CLOSING DATE: May 16

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many, Spain and France. The five leading promotion agencies in the U.K. have similar pacts.

"U.S. sales promotion shops would be crazy to come 3,000 miles to Europe when they have such a huge potential in their own marketplace," he says.

Perhaps. Others disagree.

"It is wrong and presumptuous to think Americans couldn't come here," argues Keith Bantick, founder of Promotional Campaigns, a unit of Ogilvy & Mather. "Any market can do with fresh input."

PC is currently bringing an American Express campaign conceived for the U.S. to Britain. And, says Mr. Bantick, "if it works in the U.K., I see no reason why it shouldn't work in Holland, France, Germany or Spain."

U.S. agencies bent on entering the market—and many are trying—could take these 10 tips from executives already on the ground:

1. Europe is not one market. U.S. promotional shops planning to treat Europe as a single market will be disappointed, say top industry executives in London. It will take years before sales promotion and direct marketing leg-

Europe is a regulatory jungle. Use professionals for advice. Let nationals make the decisions. Don't enter Europe through Germany. Such are the tips from European promotion executives for U.S. agencies looking to expand across the Atlantic.

But helpful hints aside, some wonder why the Yanks even bother. "The idea [of promotion agencies opening shops in Europe] is 20 years out of date. The market is flooded. There's no room in France, the U.K. or Spain," claims John Hooper, group chairman of Clarke Hooper Consultancies. His U.K. sales promotion agency has established alliances with leading agencies in Ger-

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isolation is standardized.

"I don't know whether the laws will change by 1992 or 1999," says Roger Swann, exec VP of KLP International, London. "Value-added tax varies from 8% to 52% in Europe. That's much more significant [to the European Community] than worrying about sales-promotion legislation."

2. What's acceptable in one country may be inappropriate or illegal in another. Money-off next purchase is permitted in the U.K. and Ireland, where promotional law is the most liberal, but it's definitely out in West Germany and Luxembourg, where promotional law is the most rigid. And even though free mail-ins are allowed in Spain, "you wouldn't think of doing it because it would never get there," says Mr. Hooper.

3. Get professional advice. "Americans are not imbued with a great understanding of Europe," says Mr. Swann. They "need to appoint or acquire some intelligence from an English-speaking European country to advise them on the intricacies of the European market. Like any other swamp full of alligators, I wouldn't go into it willingly. But if I had an experienced guide, I could be persuaded to wade through it."

4. Leave implementation, translation and legal work to the local guys, says Mr. Hooper, who believes "a pan-European promotion is not a reality."

5. Look before you leap. Paul Woolf, new-business director of Promotional Campaigns, an affiliate of Ogilvy & Mather, cautions Americans to "investigate the relationships between the clients and the agency. If it's tied to a person and that person wants to retire to the south of France, the account might walk out the door."

6. Enter by consortium or joint venture. Rather than pay high prices to buy into Europe's sales promotion market, some experts recommend U.S. agencies align with top European shops.

7. Ally with agencies in France or the U.K. Europe's two most advanced sales promotion markets, then perhaps, go into Europe's developing markets like Greece, says Mr. Hooper. "Spain is very hot. But agencies there are selling for 20 times earnings, as compared with five to eight times in the U.K.," comments Mr. Swann. "Everything points to it being a boom market."

8. There are so-called coverage gaps in Belgium and Switzerland, countries so small that agencies have dismissed them. But, says Mr. Swann, "they're attractive markets because so many English-speaking multinationals are headquartered there. They could be a springboard for pan-European business."

9. Don't try to enter through Germany. It has some of Europe's most rigid sales promotion legislation.

10. Help is around the corner through the International Marketing & Promotions Association, which publishes a "European Promotional Legislation" guide that gives clients a thumbnail sketch of what is and is not allowed in each European country. The variance is great.

Also, the Point of Purchase Advertising Institute Europe, which opened in June 1989 in Paris, serves as an information exchange, provides networking opportunities and keeps abreast of EC legislation. □

Elena Bowes is an Advertising Age correspondent in London.

Europe's promotion maze

□ Permitted
■ May be permitted
X Not permitted

Source: European Community
Graphic: John Heiland

	U.K.	Ireland	Spain	Portugal	Greece	France	Italy	Netherlands	Denmark	Belgium	West Germany	Luxembourg
In-pack premiums	□	□	□	□	□	■	□	■	■	■	■	X
Multiple-purchase offers	□	□	□	□	□	□	□	□	■	■	■	X
Extra product	□	□	□	□	□	□	□	■	□	■	□	□
Free product	□	□	□	□	□	□	□	□	□	■	□	□
Free mail-ins	□	□	□	□	□	□	□	□	■	■	X	■
With-purchase premiums	□	□	□	□	□	□	□	■	■	■	■	X
Cross-product offers	□	□	□	□	□	□	□	■	■	X	X	X
Collector devices	□	□	□	□	□	■	□	■	■	■	X	X
Competitions	□	□	□	□	□	■	□	■	■	□	■	■
Free drawings	□	□	□	□	□	□	□	X	X	X	X	X
Share-outs	□	□	□	□	□	■	■	X	X	X	X	X
Sweepstakes/lottery	■	■	■	■	■	■	■	■	X	■	■	X
Money-off vouchers	□	□	□	□	□	□	■	□	■	□	X	■
Money-off next purchase	□	□	□	□	□	□	■	□	X	□	X	X
Cash backs	□	□	□	□	□	□	X	□	□	□	■	X

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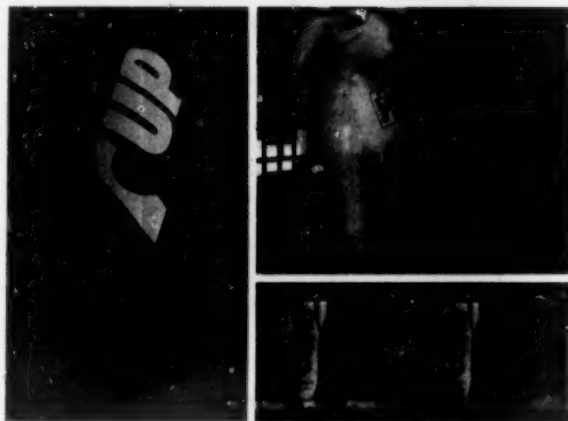
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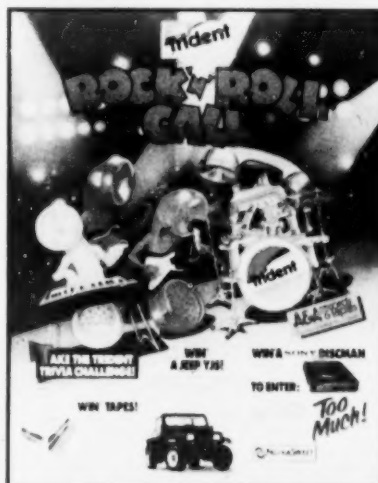
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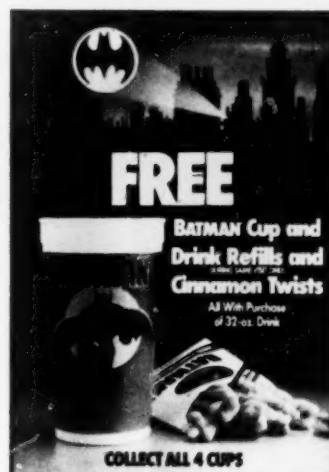
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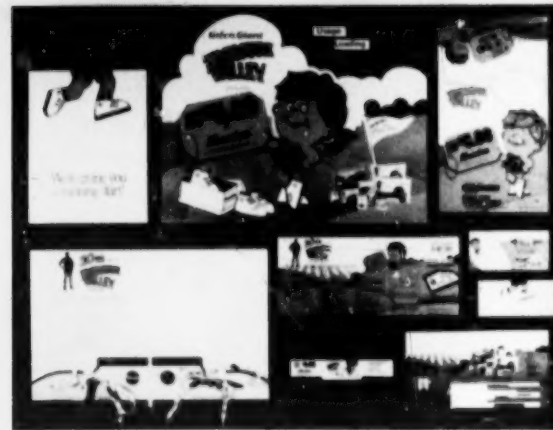
MARDEN-KANE, INC.

Promotions that deliver

1. Finalist: Trial
Warner-Lambert Canada, via Marketing & Promotion Group, built a data base out of a sampling of Canada's teen-agers. The 116,000 phone calls made over the promotion period translated into a 15.5% participation rate in the Trident gum effort, according to the company.

2. Finalist: Image awareness
Labatt Breweries, via Aston Simbrow, aimed to build brand awareness for Labatt's Lite beer through the "Grin 'n Bear It" contest. Game cards given to bar patrons invite photos, with prizes for "winners." Labatt claims the promotion exceeded its original objectives by 43%.

3. Finalist: Traffic
Taco Bell, using agency Cato Johnson, wanted to increase the frequency of "young-adult" visits. The fast-food marketer claims double-digit traffic increases and 21 million 32-ounce soft drinks sold in a three-week period.



4. Finalist: Display

Joint effort between Procter & Gamble Co. and Hasbro Inc. used the lure of "The Night Before Christmas," through Hasbro toys, to leverage case sales of P&G's Downy and Ivory. Nearly 500,000 entries were received. The agency is Strotzman Marketing.

5. Finalist: Display

Using Unger Zitelli Sletten, Raiston Purina aimed to build trade support by joining with Eastman Kodak to promote sales during "National Pet Week." The pet photo contest resulted in a tripling of display support in test markets, Raiston claims.

6. Finalist: Continuity

Trump Shuttle, using agency Communications Diversified, sought to build customer loyalty for its Club & Concierge Service. The program claims to have increased Trump Shuttle's share to 49% of markets it serves, up from 25% when it purchased the Eastern Shuttle.

7. Finalist: Usage

Pillsbury Canada, through agency Atrium Promotion Group, sought to maintain its lead position for its Green Giant canned and frozen vegetables via a three-pronged approach under the Treasure Valley theme. Company claims a 14% sales gain in a flat market.

8. Finalist: Usage

Vintners' International "Colors by Masson" promotion, handled by Siebel/Mohr, wanted to add retailer space for Masson wines and trigger impulse buying by consumers. The "paint can" packaging for the wine carafes helped the vintner hold a leading position in its category and boosted sales 50% over '88 figures.

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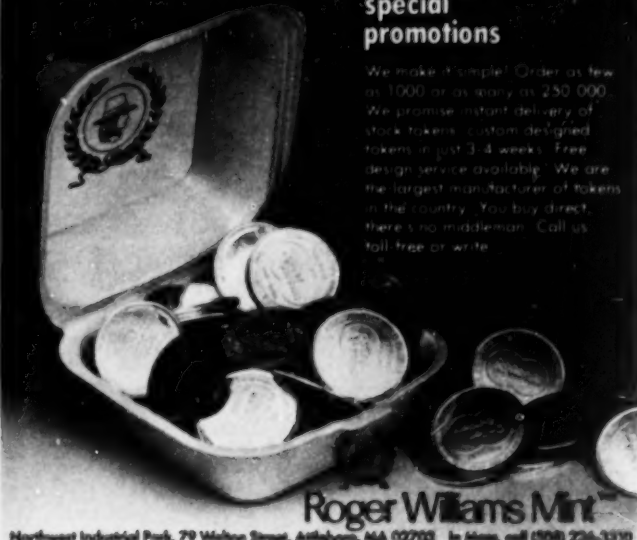
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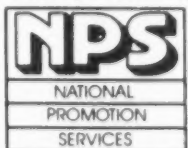
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PEOPLE TO WATCH

Development of environmentally beneficial promotions is a green but growing field.

There may be no better example both of the area's professional infancy and of its promise than the aptly-named Carol Green, the driving force behind several promotional programs involving giveaways of tree seedlings.

Ms. Green, 47, was working as a commercial real estate broker last year in Kansas City, Mo., when she opened GreenTree, a company to further her longtime interest in helping the environment.

She already has worked with several clients that any major promotional marketing agency would love to list on its roster.

Chief among them is McDonald's Corp. Ms. Green brought together the fast-food giant with Weyerhaeuser Co. and the American Forestry Association's Global ReLeaf project for a program called "Get America Growing," which distributed 1,000 seedlings at each of 362 McDonald's stores in a half-dozen test markets (AA, March 12). The program may be run nationally in 1991.

Ms. Green also has seedling-distribution programs in the works with the Boy Scouts of America and Allied Signal Corp., and she says she is talking to Major League Baseball about a national seedling giveaway.

That interest is somewhat surprising, she says, given the lack of interest she met when she first began pitching seedling-promotion ideas a year ago.

"I tried to talk several ad agencies into doing promotions with me, but I couldn't convince them of the importance of 'green marketing,'" she says. And some were just reluctant to work with a

new, one-person company.

A divorced mother of two, she knew that McDonald's is an active developer of premium programs, especially targeted to children, thus making the company a primary target from the start.

Her overtures to McDonald's national agency, Leo Burnett USA, and promotion agency, Frankel & Co., were rebuffed, she says, so she started working on the company itself.

"McDonald's could enhance their corporate image while raising concern about the environment into positive action. I told them that I knew they gave away a lot of premiums and that they care about the communities [in which franchisees operate] and that they could afford to give away something worthwhile," she says.

"After several tries, I guess they decided to hear what I had to say. Two days after I made my presentation, [Senior VP-Environmental Affairs] Shelby Yastrow called to say he was flying to Kansas City with a contract."

Her introduction to promotional marketing came many years ago when she helped former husband Dick Green negotiate a contract with Charles O. Finley, then owner of baseball's Oakland A's. She and "Charlie O" hit it off,



Carol Green

and soon she was doing PR work for the team, including developing promotions with local businesses.

Her concerns about health and environment go back even further.

"I was one of those people who would write letters to the cereal companies asking them to remove [questionable ingredients] from their products," she said. "And I'd attend state Environmental Protection Agency meetings."

The creation of GreenTree was a natural evolution for a woman who describes herself as "an environmentalist, an entrepreneur and an idea person."

"I'm trying to do promotions that present a better way for us all to live," she says. □

—Scott Hume

Blurring

(Continued from Page S-8)

says.

Still, Mr. Robinson doesn't expect either discipline to gain the upper hand.

"I think the ad agencies are increasingly dominant. They're calling the shots," he says. "Companies are asking why they should spend all this money and not build brand equity. And when they say brand equity, the doorbell rings at the ad agencies."

"Agencies are ripe to take control of the synergy [among the three disciplines]."

"There have been changes on all sides," says Jim Kobs, now a principal in direct-marketing shop Kobs, Gregory & Passavant, Chicago, "but what stays the same is that the focus is on whatever moves product. The Quaker Direct program [in which Quaker is building its own data base of consumers to whom it mails coupons and special offers] is direct marketing or sales promotion or advertising depending on the emphasis you want to give it."

"General ad agencies are thinking more this way because clients want it. We'll see more programs that are in the gray area that's a bit of each. That may mean there are more direct-marketing opportunities, but not necessarily more workforce direct-marketing agencies." □

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Nike leaps to top 10 in ad recall

By Kate Fitzgerald

Nike's offbeat new TV campaign for Air Jordan shoes helped catapult it onto the list of the top 10 best-recalled ads for March.

In its first appearance in the top 10, Nike tied with Chevrolet for ninth place in *Advertising Age's* monthly adWatch survey of overall advertising awareness. The survey was conducted in early March.

The athletic shoe marketer broke a network TV campaign in late February featuring Chicago Bulls star Michael Jordan and filmmaker Spike Lee, playing the character Mars Blackmon from his movie "She's Gotta Have It."

The campaign from Wieden & Kennedy, Portland, Ore., started during the National Basketball Association all-star game and ran extensively during the National Collegiate Athletic Association's national basketball champion-

ships.

Chrysler Corp. also made it back into the top 10 in unaided awareness after a year's absence.

It placed eighth, thanks to TV spots in which Chairman Lee Iacocca tells a roomful of executives that America is getting an inferiority complex from Japan. Bozell, New York, handles.

The cola wars continued to dominate the ad recall race in March, with Pepsi-Cola coming out ahead of Coca-Cola in the ongoing battle for the No. 1 and No. 2 spots.

Diet Coke, however, disappeared from the top 10 after a two-month stint that followed its Super Bowl ad blitz.

Ford Motor Co. and Anheuser-Busch's Budweiser and Bud Light brands held onto their respective No. 3 and No. 4 positions for the second consecutive month; general grocery advertising ranked fifth.

AdWatch survey of advertising awareness Top 10 for March

In March, 1,000 people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertising first comes to mind? Source: Gallup Organization, Lincoln, Neb.

Rank	3/90	2/90	Advertiser	Agency
1	2	1	Pepsi-Cola	BBDO Worldwide
2	1	2	Coca-Cola	McCann-Erickson Worldwide
3	3	3	Ford	J. Walter Thompson USA
4	4*	4*	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles/DDB Needham Worldwide
5	—	—	Grocery stores	Various
6*	6	6	McDonald's	Leo Burnett USA
6*	8*	8*	Infiniti	Hill, Holliday, Connors, Cosmopolis
8	—	—	Chrysler	Bozell
9*	7	7	Chevrolet	Lintas-Campbell-Ewald
9*	—	—	Nike	Wieden & Kennedy

*Indicates tie

Nissan Motor Corp. USA's Infiniti rode again into the top 10, tying with McDonald's Corp. for sixth place. Infiniti agency Hill, Holliday, Connors, Cosmopolis, Marina del Rey, Calif., has since abandoned its "rocks and trees" campaign in favor of TV spots featuring the car.

In aided awareness in the **fast-food** category, Wendy's International passed Burger King Corp. to place second behind McDonald's for the first time since last October.

This spring, Burger King placed most of its media weight in children's TV to promote its Kids Club. Wendy's has been airing TV

spots featuring founder R. David Thomas promoting "Super Value Meal" discounts.

McDonald's had 43.7% awareness in March followed by Wendy's with 13% and Burger King with 11.3%. Hardee's Food Systems placed fourth with 4.4% awareness and Taco Bell was fifth with 2.3%, edging out Pizza Hut, which was No. 5 in February.

In aided awareness of **liquor** advertising, Jim Beam returned to the top five list after a four-month hiatus, tying with Heublein's Smirnoff for third place, with 1.6% awareness. Brown-Forman Corp.'s Jack Daniel's led the category with 5.6%; Seagram's was

second, with 3.7%; and Carillon Importers' Absolut slipped to fifth place, with 1.4% awareness.

AdWatch is a joint project of *Ad Age* and the Gallup Organization. Advertising awareness is measured by asking a nationally projectable sample to name the first advertising that comes to mind from all seen, heard or read in the previous 30 days.

Last month, 1,000 adults were polled by phone. The margin of error is plus or minus 3.1%. □

For more information, contact the Gallup Organization, 301 S. 6th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

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